



98-141

Federal Communications Commission
Washington, D.C. 20554

August 30, 2002

Ms. Caryn Moir
Vice-President – Federal Regulatory
SBC Telecommunications, Inc.
1401 H St., N.W., Suite 1100
Washington, DC 20005

Dear Ms. Moir:

On August 29, 2002, the Investigations and Hearings Division ("Division") of the Enforcement Bureau provided an interpretation to SBC Communications, Inc. ("SBC") regarding certain obligations under the *SBC/Ameritech Merger Order* as modified by the *Pronto Modification Order*.¹ Specifically, the Division found that SBC must make additional collocation space available in all SBC's Next Generation Digital Loop Carrier ("NGDLC") architecture that is used to support both POTs and xDSL services.² SBC's compliance with the Division's interpretation is subject to two audits, *i.e.*, the agreed-upon procedures engagement regarding Condition I ("Separate Affiliate for Advanced Services") and the examination engagement that includes SBC's compliance with Condition XI ("Collocation Compliance") of the *SBC/Ameritech Merger Order*.³ These audit reports are due to the Commission September 3, 2002.

Because of the imminent nature of the audit report deadline and based on SBC's representations that the interpretation will require SBC and the auditor to initiate further testing, we hereby extend by 45 days the audit report date for the portions of the audits related to the collocation space requirements for NGDLC.⁴ SBC's independent auditor will submit supplemental audit reports relating to the NGDLC collocation requirements no later than October 18, 2002. We find that a 45-day extension will allow SBC's auditor sufficient time to perform audit testing according to the *Division August 29, 2002 Interpretation*, and that, without the extension, the work may not be completed. This extension does not apply to SBC's obligation to file by September 3, 2002 the audit reports on all other conditions.

¹ *Applications of Ameritech Corp., Transferor, and SBC Communications, Inc., Transferee, For Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95, and 101 of the Commission's Rules*, CC Docket 98-141, Memorandum Opinion and Order, 14 FCC Rcd 14,712 (1999) ("*SBC/Ameritech Merger Order*"); Second Memorandum Opinion and Order, 15 FCC Rcd. 17,521 (2000) ("*Pronto Modification Order*"); Letter from Maureen F. Del Duca, Deputy Chief, Investigations and Hearings Division, Enforcement Bureau Federal Communications Commission, to Jim Lamoreaux, Senior Counsel, SBC (Aug. 29, 2002) ("*Division August 29, 2002 Interpretation*").

² *See id.*

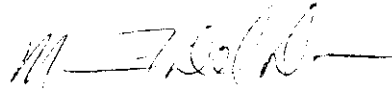
³ *See SBC/Ameritech Merger Order*, Appendix D at ¶¶ 66-67.

⁴ *See* 47 C.F.R. §1.3. The collocation space requirement for NGDLC is contained in paragraph 34 and Appendix A, paragraphs 5 and 6 of the *Pronto Modification Order*.

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Please feel free to contact me if you have any additional questions. You may also contact Mr. Mark Stone of my staff at (202) 418-0816.

Sincerely,



Maureen F. Del Duca
Deputy Chief
Investigations and Hearings Division
Enforcement Bureau

CC: Ernst & Young, LLP